InvoCare
Innovation Vocation Care

Investor Presentation
2013 Half Year Results

August 2013

Presenters:
Andrew Smith CEO
Phillip Friery CFO

2013 Half Year Highlights

- Reported net profit after tax up 5.6% to $21.5m (2012: $20.3m)
- Operating earnings after tax(1) down 9.1% to $17.2m (2012: $19.0m)
- Lower numbers of deaths partly responsible – estimated $0.6m after tax impact
- Main contributor increased costs, primarily investment in personnel with after tax impact $3.4m in comparable business
- Reported net profit included after tax benefits from impairment reversal ($2.1m; 2012: $nil), asset sale gains ($1.3m; 2012: $1.8m) and undelivered prepaid impacts (net gain $0.8m; 2012: net loss $0.4m)
- Strong cash flows underpin 15.0 cents per share fully franked interim dividend in line with last year

(i) This is non-IFRS financial information

InvoCare
Innovation Vocation Care

2013 Half Year Highlights

- Sales revenue up 5.1% to $183.6m (2012: $174.8m)
- EBITDA[(i)] down 3.1% to $41.3m (2012: $42.6m)
- Tucker's and Resthaven acquisitions contributed $4.0m in sales and $0.7m in EBITDA
- EBITDA to sales ratio lower at 22.5% (2012: 24.4%) - impacted by high fixed cost base making it difficult to respond to rapid volume decline in June
- Very strong EBITDA to cash conversion - 118% (2012: 100%)

(i) This is non-IFRS financial information

2013 Half Year Highlights (continued)

- Revenue growth pillars evident in first half 2013:

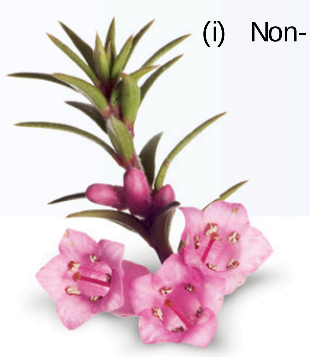
-	Favourable Demographics	✘ & ✓
-	Pricing / average contract values	✓
-	Market share improvements	✘
-	Prepaid contracts	✓
-	New locations	✓
-	Business acquisitions	✓

- Numbers of deaths, particularly in Sydney and New Zealand, not as high as expected with sudden drop in June
- Margin leverage impacted by lower case volumes and higher costs

Financial Highlights

Result highlights:	2013 $'millions	2012 $'millions	Change $'millions	Change %
Total sales to external customers	**183.6**	174.8	8.8	5.1%
Operating EBITDA (i)	**41.3**	**42.6**	(1.3)	(3.1%)
Operating Margin	*22.5%*	*24.4%*		*(1.9%)*
Operating earnings before tax (i)	**24.3**	27.0	(2.7)	(9.9%)
Income tax on above operating earnings (i)	(7.1)	(8.1)	0.9	(11.8%)
Effective tax rate	*29.2%*	*29.8%*		*(0.6%)*
Operating earnings after tax (i)	**17.2**	19.0	(1.7)	(9.1%)
Operating earnings per share (i)	*15.8*	*17.3*	*-1.5*	*(8.6%)*
Net profit after tax attributable to InvoCare shareholders	**21.5**	20.3	1.1	5.6%
Basic earnings per share	*19.6 cents*	*18.6 cents*	*1.0 cents*	*5.4%*

(i) Non-IFRS financial information



Operational Highlights

	2013 $'million	2012 $'million	Change $'million	Change %
Sales Revenue				
Australia	**158.3**	155.2	3.0	2.0%
New Zealand	**14.8**	14.2	0.6	4.2%
Singapore	**6.5**	5.4	1.2	21.8%
Comparable businesses	**179.6**	174.8	4.8	2.7%
Acquisitions	**4.0**	-	4.0	-
Total InvoCare	**183.6**	174.8	8.8	5.1%
EBITDA				
Australia	**35.3**	36.9	-1.6	-4.4%
New Zealand	**2.2**	3.0	-0.7	-25.0%
Singapore	**3.1**	2.8	0.3	11.3%
Comparable businesses	**40.6**	42.6	-2.0	-4.8%
Acquisitions	**0.7**	-	**0.7**	-
Total	**41.3**	42.6	-1.3	-3.1%

InvoCare
Innovation Vocation Care

Operational Highlights (continued)

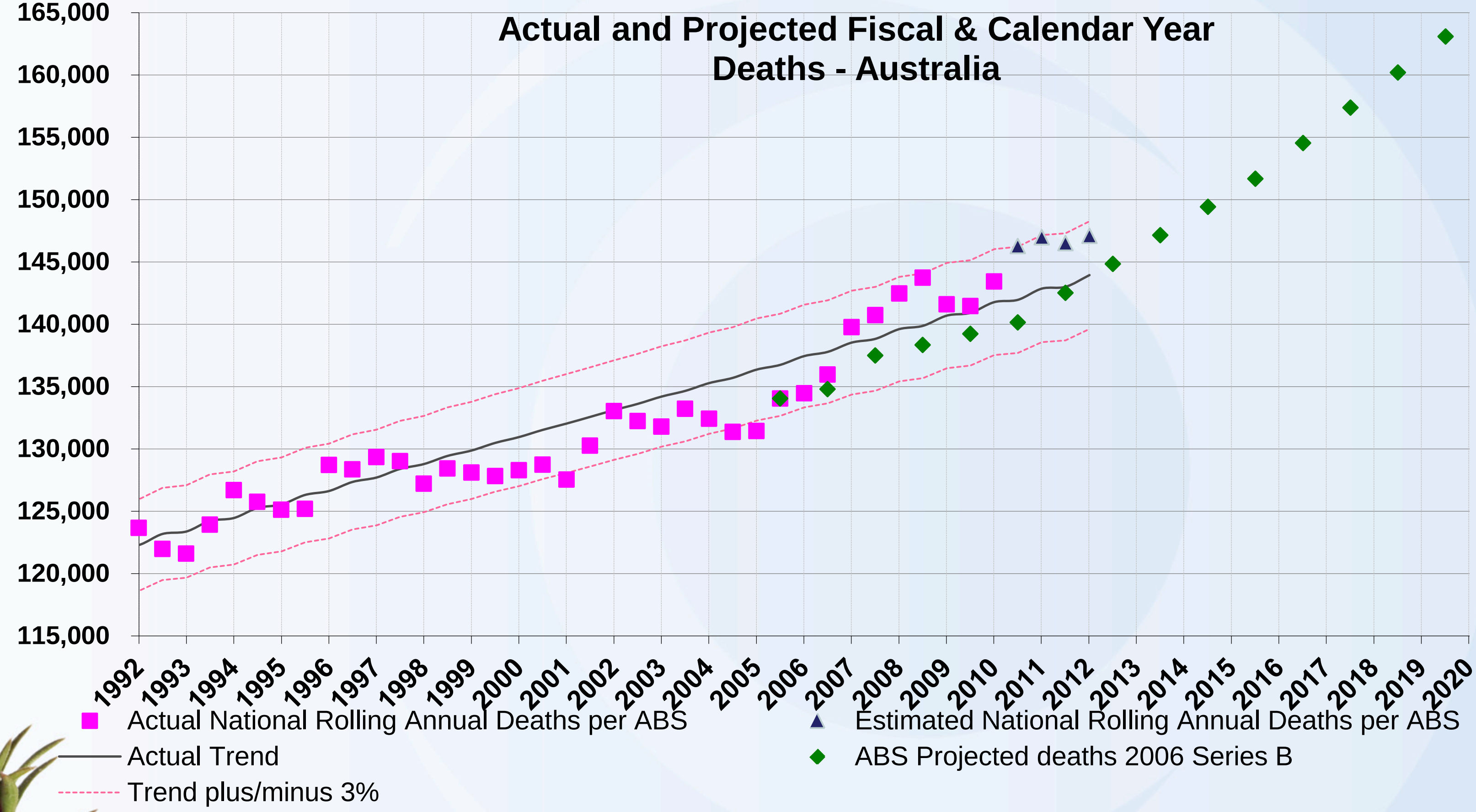
	2013	2012	Change
Margin on sales			
Australia	**22.3%**	23.8%	-1.5%
New Zealand	**15.0%**	20.9%	-5.9%
Singapore	**47.4%**	51.9%	-4.5%
Comparable businesses	**22.6%**	24.4%	-1.8%
Acquisitions	**17.5%**	-	-
Total	**22.5%**	24.4%	-1.9%

Operational Highlights (continued)

Number of deaths

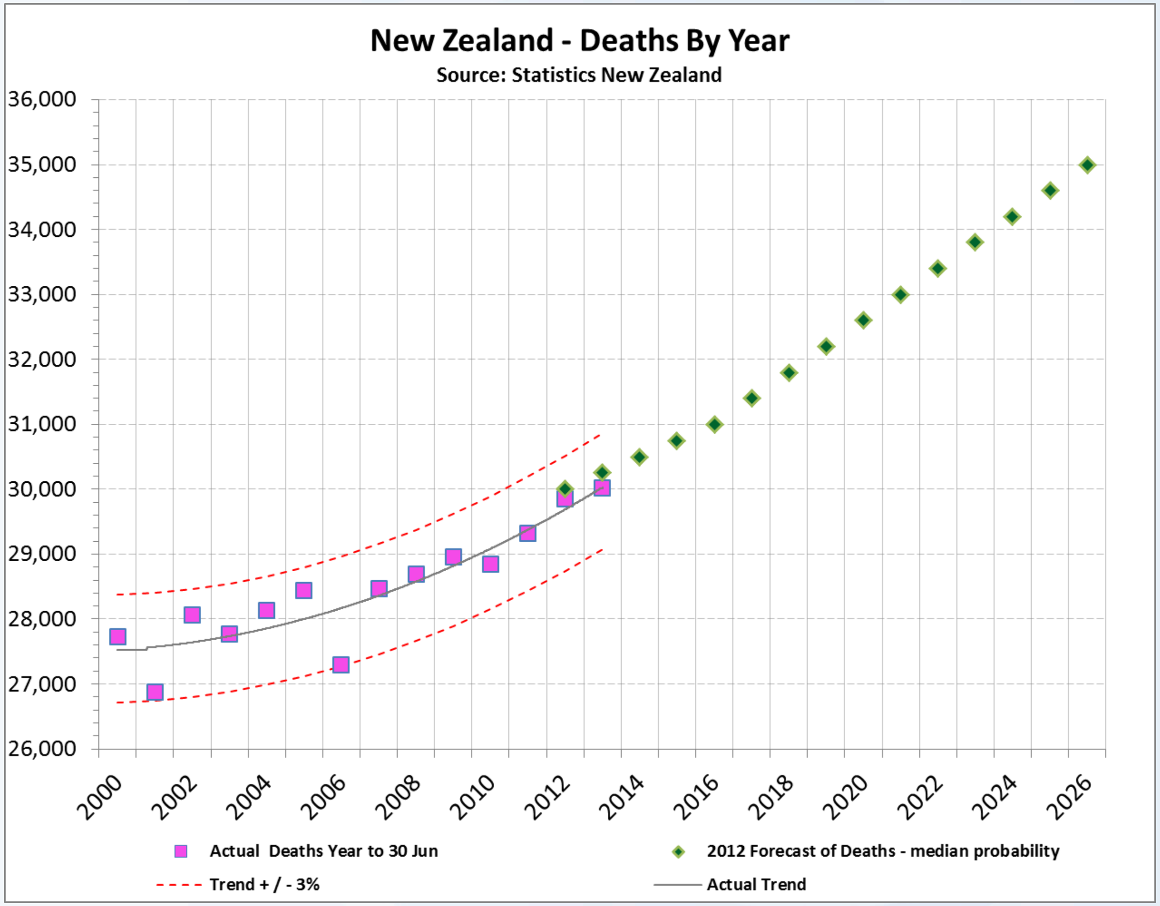
- Key driver of IVC performance
- Long term growth trend, but short term fluctuations occur around trend line (see graphs for Australia and New Zealand)
- Fluctuations impact operating margins and profits due to significant fixed cost structure
- Declines in Australian and New Zealand markets experienced in May and June after AGM update for April YTD
- Comparable funeral case volume growth of 1.3% at April YTD dropped to decline of 0.7% by end of half

Operational Highlights (continued)



InvoCare
Innovation Vocation Care

Operational Highlights (continued)



InvoCare
Innovation Vocation Care

Operational Highlights (continued)

Comparable Australian Funeral Market

- Funeral sales up 3.0% to $127.5m
- Case volumes down 0.3% on PCP
- Estimated market share marginally up on PCP but has tracked slightly down since 31 December 2012
- Increase in average contract values of 3.6%

InvoCare
Innovation Vocation Care

Operational Highlights (continued)

Comparable New Zealand Funeral Market (in NZD)

- Funeral sales down 0.6% to $18.1m
- Case volumes down 2.7% on PCP
- Market share performance mixed with some loss experienced in price sensitive markets
- Trend in New Zealand market becoming more price sensitive
- Increase in average contract values of 3.0% slightly below expectations due to mix shift towards lower priced package sales and funeral services

Operational Highlights (continued)

Singapore Funeral Market (in local SGD currency)

		2013 vs 2012 Half Year		
Revenue	⇧	17.9%	to	$8.2m
EBITDA	⇧	7.7%	to	$3.9m
EBITDA Margin	⇩	(4.5%)	to	47.4%
Av. Contract value	⇧	21.5%	(packages & accessories)	
Case Volume	⇩	(2.9%)		

- Expansion of business into lower margin retailing of funeral accessories in second half of 2012
- Funeral case volumes down but offset by average case revenues up 21.5%

Operational Highlights (continued)

New Funeral Locations

- Benefit in H1 from 3 locations opened in Australia and Simplicity in Auckland during 2012
- 2 new locations opened in Australia during 2013 in addition to the Resthaven acquisition in New Zealand
- Further location in Rosewater SA opened in July 2013

InvoCare
Innovation Vocation Care

Operational Highlights (continued)

Cemeteries & Crematoria Market

- Sales before deferred revenue adjustments was up 0.3% to $38.8m (2012: $38.7m)
  - At need service volumes down 1.8% impacted mainly by drop in deaths in Sydney market
  - Memorial sales value up 1.0% on PCP. Mix shifted towards smaller value sales (< $15K) up 8% vs 2012. Large contracts (> $15K) down 11% vs 2012.
  - Trend to lower memorialisation rate continuing
- Increase in deferred revenue pool of $3.2m in H1 2013 which was $0.7m higher than PCP (2012: $2.5m)
- Sales after deferred revenue adjustments down 1.6% to $35.6m (2012 $36.1m)

InvoCare
Innovation Vocation Care

Operational Highlights (continued)

Total Prepaid Funeral Sales & Redemptions

	Half year to June	
	2013 v 2012	**2012 v 2011**
Number of contracts sold	11.3%	4.7%
Average contract value	3.5%	7.8%
% by which new contracts exceed redemptions	14.9%	14.3%
% of IVC's Australian funerals that were prepaid	14.4%	13.3%

- Includes the impact of Tuckers in H1 2013

Operational Highlights (continued)

Prepaid Funds Under Management

	2013	2012
% of FUM in equities	10%	8%
% of FUM in property	25%	17%
% of FUM in cash & fixed interest	65%	75%
Net pre-tax loss on undelivered contracts	$1.2m	($0.6m)
Comprising:		
FUM Earnings	$8.8m	$8.2m
Service delivery liability increase	($7.6m)	($8.8m)

- Guardian Fund invested in new property assets to secure returns from maturing term deposits
- FUM earnings impacted by transaction costs associated with Guardian property investments
- 2012 liability increase included a phasing adjustment

Operational Highlights (continued)

Investment in Digital & Social Media

- Ongoing implementation of digital strategy to improve customer service and deliver business value:
    - Launch of online funeral arrangements: FuneralOrganiser, MyMemorial and MyGriefAssist
    - First half year of implementation attracted 500 sales leads which converted to approximately 100 services
    - Launch of new social media channels (Simplicity, Guardian, Metropolitan Funerals)
    - Continued digital augmentation of chapel facilities to improve customer experience

Financial Highlights

Result highlights:	2013 $'000's	2012 $'000's	Change $'000's	%
Total sales to external customers	**183,641**	174,811	8,830	5.1%
Other revenue	3,437	3,354	83	2.5%
Operating expenses (i)	(145,787)	(135,539)	(10,248)	7.6%
Operating EBITDA (i)	**41,291**	**42,626**	(1,335)	(3.1%)
Operating Margin	*22.5%*	*24.4%*		*(1.9%)*
Depreciation and amortisation	(8,654)	(7,987)	(667)	8.4%
Finance costs	(8,350)	(8,092)	(258)	3.2%
Interest income	328	443	(115)	(26.0%)
Business acquisition costs	(221)	20	(241)	1205.0%
Share of loss from associates	(50)	-	(50)	-
Operating earnings before tax (i)	**24,344**	27,010	(2,666)	(9.9%)
Income tax on above operating earnings (i)	(7,112)	(8,060)	948	(11.8%)
Effective tax rate	*29.2%*	*29.8%*		*(0.6%)*
Operating earnings after tax (i)	**17,232**	18,950	(1,718)	(9.1%)

(i) Non-IFRS financial information

Financial Highlights (continued)

Result highlights:	2013 $'000's	2012 $'000's	Change $'000's	%
Operating earnings after tax (i)	**17,232**	18,950	(1,718)	(9.1%)
Operating earnings per share (i)	*15.8 cents*	*17.3 cents*	*-1.5 cents*	*(8.6%)*
Net gain or (loss) on undelivered prepaid contracts after tax (i)	840	(423)	1,263	298.6%
Asset sale gains after tax (i)	1,344	1,842	(498)	(27.0%)
Reversal of impairment loss	2,100	-	2,100	-
Non-controlling interest	(62)	(55)	(7)	12.7%
Net profit after tax attributable to InvoCare shareholders	21,454	20,314	1,140	5.6%
Basic earnings per share	*19.6 cents*	*18.6 cents*	*1.0 cents*	*5.4%*

(i) Non-IFRS financial information

Financial Highlights (continued)

Operating Costs

- Operating Costs $145.8m, up 7.6% from 2012: $135.5m
- Comparable business $142.3m up 5.0% from 2012: $135.5m
- Highlights:
  - Mix shift in half to lower margin memorial sales and introduction of accessories business in Singapore contributed to higher cost of goods sold (12.5% of sales; 2012: 11.9%)
  - Base labour rate increases generally contained to approx. 3.5%
  - Full half year impact of expanded corporate team to support business expansion and operational headcount increases added estimated $1.9m
  - Spend on advertising & promotions up 4.9% to support brands during tighter market conditions

Financial Highlights (continued)

Finance Costs

- Finance costs up $0.3m to $8.4m (2012: $8.1m) due to Tuckers and Resthaven acquisitions and the further investment in HeavenAddress

Asset sale gains and impairment reversal

- Small parcel of cemetery land sold to local authority for road widening generating $1.3m after tax gain
- Partial write-back of previously impaired QLD cemetery showing improved returns contributed $2.1m after tax gain
- Settlement of surplus Melbourne funeral property was delayed and settled in July 2013 - $1.8m pre-tax gain booked in 2nd half

InvoCare
Innovation Vocation Care

Financial Highlights (continued)

Cash flow highlights

	2013	2012
Net cash inflows from operations	$32.9m	$23.3m
Purchase of property, plant & equipment	($8.5m)	($8.3m)
Proceeds from sale of property, plant & equipment	$1.7m	$2.9m
Purchase of businesses (including property)	($6.6m)	-
Deferred employee share plan purchases	($0.8m)	($1.3m)
Net increase / (decrease) in borrowings	$2.8m	$9.0m
Payment of dividends	($20.9m)	($17.9m)
Conversion of Operating EBITDA to ungeared, pre-tax cash flow	**118%**	**100%**

- Expected to revert closer to 100% by year end

InvoCare
Innovation Vocation Care

Financial Highlights (continued)

Capital Management

Dividends

- Fully franked interim dividend of 15.0 cents per share (2012: 15.0 cents)
  - Ex dividend date 9 September 2013
  - Record date 13 September 2013
  - Payable date 4 October 2013
- DRP remains activated for interim dividend and shares will be purchased on market
- Dividend payout ratio 96% out of operating earnings after tax

Financial Highlights (continued)

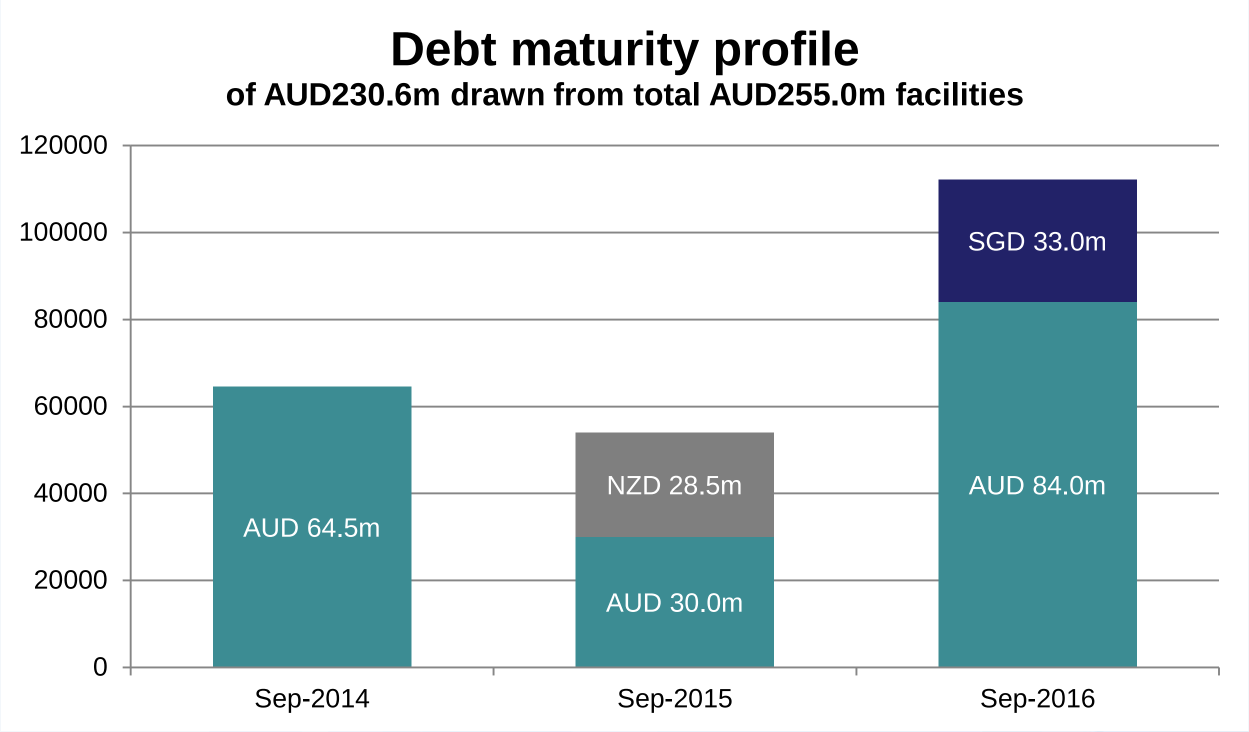
Capital Management (continued)

Banking Facility & Hedges

- Net debt $224m (Dec 2012 $218m; Jun 2012 $211m)
- 89% of debt hedged with floating to fixed interest rate swaps (Dec 2012: 91%; June 2012: 90%)
- Headroom debt available $24m
- Covenant ratios comfortably met – leverage ratio 2.5 (must be no greater than 3.5) and interest cover 5.7 (must be greater than 3.0)
- Effective interest rate 6.6% inclusive of swaps, fees & margins

Financial Highlights (continued)

Capital Management (continued)



- $64.5m tranche of multi-currency bi-lateral debt facility maturing September 2014 expected to be rolled over before end 2013

2013 H2 Outlook & Beyond

- July 2013 sales up 5.5% from previous July (comparable business up 3.4%)
- Memorial construction delivered additional $1.0m in July, with similar target over August and September – helping to mitigate construction shortfalls in first half
- Costs being closely and prudently managed, including personnel, advertising, marketing and digital business
- Cost management resulted in EBITDA to sales margin improvement in July
- Improvement in returns on funds under management as property purchase transaction costs are not repeated

2013 H2 Outlook & Beyond

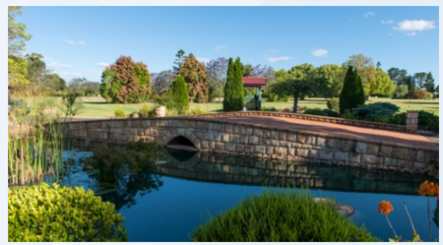
- Several small acquisitions completed since 30 June in New Zealand – total consideration $2.3m (including property), generating estimated $1.7m sales and $0.2m EBITDA in full year (estimate $0.8m and $0.1m respectively in 2013) – all in AUD
- Other small acquisition discussions continue, with no certainty on success or timing
- Full year capex expected $17m
- Pre-tax $1.8m gain on Melbourne property sale settled in July
- $64.5m debt tranche due Sept 2014 expected to be refinanced before end 2013 - no other capital management changes
- Caution using early weeks of H2 as indicator of 2013 full year result

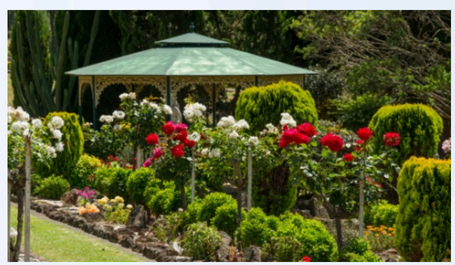
Summary

- A challenging first half of 2013:
  - Number of deaths below expectations in Australia and New Zealand
  - Market share improvements not realised, with pricing pressure in some markets
  - Solid price growth achieved across all markets
  - Funds under management earnings improvement on PCP and expected in second half
  - Strong 118% EBITDA to cash conversion
- Despite the challenges, proven business model is being followed

Disclaimer

This presentation contains forward looking statements, which may be subject to significant uncertainties outside of InvoCare's control. No representation is made as to the accuracy or reliability of these forecasts or the assumptions on which they are based. Actual future events may vary from these forecasts.





InvoCare
Innovation Vocation Care